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TAGS: [PREL](#) [PARM](#) [KNNP](#) [IAEA](#) [AR](#)
SUBJECT: ARGENTINA ON IAEA FUEL BANK DISCUSSIONS AND IAEA
BUDGET

REF: A. STATE 57105
[1](#)B. STATE 57093

Classified By: CDA Tom Kelly for reasons 1.4 (b) and (d).

[1](#)1. (SBU) Political Officer spoke June 5 with the Argentine Foreign Ministry's Director for International Security, Nuclear and Space Affairs (DIGAN), Gustavo Ainchil, to deliver Refs A and B demarches.

[1](#)2. (SBU) Addressing the International Atomic Energy Agency (IAEA) budget, Ainchil said that although the Foreign Ministry was committed to maintaining its financial support for the IAEA despite the global financial crisis, the 23 percent budget increase he understood to be proposed by the Director General was far too much. Argentina would follow the lead of the Latin American Group on budget questions, he said, and would be comfortable with increases that kept pace with inflation. He said the Latin American delegates would not be prepared to go to their leadership with proposals for large increases, suggesting that even nine percent was outside the GOA's comfort zone.

[1](#)3. (SBU) Ainchil said that the GOA was fundamentally uncomfortable with "having a discussion about the scope of the IAEA mission through a discussion of the budget." The consideration of a broader mandate for technical assistance related to nuclear security needed to go slower, he said, and informal discussions in Geneva were the way to begin.

[1](#)4. (C) Ainchil said that the agitation for a broader IAEA scope of work, coupled with the proposals for nuclear fuel banks (see para 5 below) and in the context of the IAEA Director General election, had left G-77 countries with the impression that they were "being pushed." The South Africans, he said, had cleverly linked their candidacy for IAEA DG with this reaction among G-77 countries. Ainchil said he had lunch with the Japanese DG candidate Amano to warn him of this reaction and urge him to modify his campaign to minimize the perception that it was tied to an agenda of expanding the IAEA mission and budget. He told Amano that "if the perception is that you want to change the functions of the IAEA, it will be problematic" for your candidacy.

[1](#)5. (SBU) Ainchil saw an inter-related discussion going on at the IAEA: the Additional Protocol, the "cartelization of enrichment," and the budget. Argentina is approaching these issues pragmatically, and Ainchil said that he had held extensive discussions the previous day with Vice Foreign Minister Victorio Taccetti and with the head of the Argentine Atomic Energy Commission. His views, he said, reflected those of the Vice Foreign Minister.

Fuel Bank Issues

[1](#)6. (SBU) Ainchil said that Argentina was open to discussing the draft papers in Geneva and that the GOA was not opposed

to "some cartelization of nuclear fuel." Countries like Argentina, he said, were likely only to support proposals that encouraged market mechanisms for concentrating fuel. They would reject outright any coercion or legal obligations to abandon their own rights under Article 4 of the NPT.

¶17. (SBU) Addressing Argentina's specific needs for nuclear fuel, Ainchil said that Argentina would not want to be reliant on sources far away. At the present time Argentina was purchasing fuel from U.S. companies, in part because the large cost benefits related to their taking back the waste. Ainchil noted that Argentina had to consider the possibility that this beneficial arrangement would end one day (perhaps with the disappearance of the USG subsidies), so that Argentina had to retain the right and capacity to reprocess waste. Regional cartelization, likely coordinated by Argentina and Brazil for South America, would be more acceptable than pressure to rely on a distant fuel bank.

¶18. (SBU) Ainchil said more broadly that he wondered if we were appropriately considering the dangers of increased maritime traffic in nuclear fuel that would come with concentration of fuel production. Finally, he said that although he had had positive discussions with the Russians about their proposal for a fuel bank, he saw some downsides in dependence on a P5 country for fuel.

Comment

¶19. (SBU) Ainchil is disposed to work with the United States Government, and his counsel on these issues should be sought when he is in Geneva. He is signaling clear limits for the

GOA on these issues, but he could be helpful in reaching a compromise with other G-77 members.

KELLY